(*b*) *Urban areas.*

	RS. *Loan*
(i) For homestead plot	600
(ii) For development of homestead land (clearance, levelling internal roads, drains, culverts, water supply and street lighting, etc.)	1,500
(iii) For construction of house	2,000
Total ...	4,100

A sum of Rs. 600 per family is sanctioned by the Government of India as grant for development of homestead land in Rural areas. It is granted free and is not recoverable. The entire amount of loan granted to the repatriates for housing purpose in rural and urban areas is met by the Government of India and is recoverable from the repatriates. No difficulty has been brought to notice so far an implementing this scheme for want of adequate funds to provide loan for all the eligible applicants.

However, according to the instructions now available in cases where the recovery of the loan issued to a repatriate is not possible for one reason or other, the loss has to be borne by the Government of India and the State Government in the ratio 3 : 1 (75 per cent by the Government of India and 25 per cent by the State Government). The Government have addressed the Government of India to bear the entire losses in such cases.

APPENDIX III.

[*Vide foot-notes on page* 281 .]

[Address by the Governor of Tamil Nadu.]

Hon'ble Members of the Legislature,

I deem it a pleasant privilege to welcome you all to this joint session of the Legislature.

2. I consider it my duty to refer, at the outset, to the grievous loss suffered by the State in particular and India as a whole, on the demise of Thiru C. Rajagopalachari, affectionately known as

Rajaji. In his passing away, we lost a guide, a philosopher and a prophet of dissent. Over the years, he strode the stage of the world like an intellectual colossus. A great force in the days of the independence movement and after, he led the State as Premier in the pre-independence days and later as Chief Minister. We will not see the like of him for many years. We should consider ourselves privileged that he lived and work amongst us in this State.

3. During the year gone by, the State had more than its share of natural calamities. An unseasonal South-West monsoon threatened us with drought. The delayed rainfall in many areas led to loss of a major part of the groundnut crop and resulted in many districts facing a shortage of drinking-water. Promptly, Government sanctioned relief measures at a cost of Rs. 1.25 crores. Fortunately, with the onset of the North-East monsoon, the effects of drought were got over and the situation ameliorated. No sooner had we recovered from this, than there was a severe cyclonic storm, causing extensive damage to roads, houses, buildings, irrigation dams and fields, in the districts of South Arcot, Coimbatore, Tiruchirappalli, Thanjavur, Nilgiris, Chingleput, North Arcot, Dharmapuri, Salem and Madras. Nearly 180,000 families lost their houses and the paddy crop was damaged totally in 28,000 acres and partly in 170,000 acres. Our estimate of losses, as a result of this cyclonic outburst, runs to Rs. 40 crores. We have made a detailed assessment of the damage and requested Government of India to assist us with loans and grants to the extent of about 25 crores of rupees to repair roads, irrigation works, to help our farmers to reclaim their sand-cast lands and to rebuild their houses. The Government of Tamil Nadu, in anticipation of assistance from the Government of India sanctioned immediately Rs. 5 crores for relief works. The entire administration was geared to help those affected by the floods and should be congratulated for their dedicated work. I am confident that generous assistance will be coming forth from the Central Government, whose team of officials has already inspected the damages and submitted its report.

4. The floods and the drought have affected an otherwise rosy agricultural picture. We have, therefore, to proceed carefully in assessing our marketable surplus. Our general approach is to have a controlling share of the marketable surplus in Government

hands, so that the vagaries of trade may not create imbalances in distribution. We have, therefore, decided to impose a levy of 20 per cent on the purchases by dealers in certain areas of the State which contribute largely to the marketable surplus. This will enable us to get sufficient stocks for assisting the distribution system for the benefit of the weaker sections and to fulfil our commitment to the Central Government.

5. The Tamil Nadu Civil Supplies Corporation has made arrangements for procuring pulses from major producing States and has also established a number of retail shops in Madras City and other urban centres of the State. This net-work for direct retail distribution of essential commodities will be extended. At present, the shops are distributing sugar, dhalls, wheat and wheat products, apart from rice in Madras and Coimbatore. The Consumer Co-operative movement is also being revitalised and the managements of the Super markets are being reorganised. This type of controlled distribution is intended to safeguard against the malpractices of trade and curb the tendency to push up prices. The phenomenon of price-rise can be controlled by the State only with the help of Central monetary and fiscal policies.

6. Increase in agricultural production is a condition precedent to attainment of growth with stability. But, this depends on assured supply of water, fertilisers and pesticides. Fertilisers have been very much in short supply. Whereas our requirement is 2.74 lakhs tonnes of nitrogen, we have received only 1.30 lakhs tonnes from the Government of India during 1972-73 as against a supply of 2.14 lakhs tonnes of nitrogen during 1971–72. We have requested the Government of India to take immediate measures to increase indigenous production of fertilisers and to import additional quantities of fertilisers on a fairly long-term basis.

7. Water resources of the State have been almost fully exploited. The recent floods have underlined the imperative need for better maintenance of our irrigation systems. We have to go in for rationalisation and modernisation of these systems. We have, therefore, made proposals for aid from the World Bank for modernisation of the Cauvery irrigation system, through the Government of India who, we hope, will clear them as early as

possible. Simultaneously with better use of surface water, we have to explore proposals for conjoint use of groundwater and surface sources. We have a massive programme for digging open wells and tube-wells with the aid of the Agricultural Refinance Corporation and the World Bank. This programme had faced a few problems in regard to details of implementation. These problems are now in the process of being resolved. Thanks to the helpful attitude of the Agricultural Refinance Corporation in understanding and resolving our difficulties, I am now confident that the programme will gather momentum. We have submitted a proposal costing Rs. 11 crores to the Government of India to locate and estimate our groundwater resources scientifically. I hope this will be cleared and assisted by the Government of India.

8. Planning for utilisation of water resources as well as other natural resources has to be on a regional basis and cannot be confined within a State's boundaries. The States of Mysore, Tamil Nadu, Kerala and Andhra Pradesh have to plan for utilisation of the water resources of the region on an integrated basis. I would suggest for the consideration of all these four States, the formation of a Western Ghat Development Corporation to exploit the untapped water and power resources in this region.

9. During the last year both the Industrial and Agricultural sectors in the State were affected on account of shortage of power. Failure of the South-west monsoon, particularly in the catchment areas, had led to the depletion of storage in the hydel reservoirs in our State as well as in the neighbouring States. With the withdrawal of supply of power that was available from other States, the power supply situation has become very critical. A sharp fall in power generation at Neyveli, due to a variety of reasons, multiplied our difficulties. The cumulative impact of all these difficulties has compelled us to impose a power cut, the adverse effect of which on the economy as a whole is yet to be fully assessed. One thing, however, is clear. Bhabha's famous dictum "No power is as costly as 'no power'" has been brought home to us. The shortage of power is a world-wide phenomenon. But we have to plan ahead, benefiting from the lessons of recent history. As a short-term measure, steps should be taken immediately to improve the production of power at Neyveli. Our representations to the Centre, in this regard, have

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not gone in vain. I am happy to report that the management at Neyveli has taken steps to improve the production of lignite and the generation of power. In addition, the conversion to fuel of oil of some of the thermal units at Neyveli, which are lying idle at present for want of sufficient lignite, will improve the position. Clearance has been given by the Government of India for this conversion, which is estimated to take eighteen months.

10. As a long-term measure, we have pressed for a second mine-cut at Neyveli with a view to setting up another thermal complex of 1,000 M.W. capacity. The second mine-cut will take nearly eight years to be completed and the sooner a decision is taken, the better for the future of the State and the country. I would, therefore, request the Government of India to give early clearance for this project. Equally important are the expansion of the capacity of the Kalpakkam Atomic Power Plant and the establishment of two new thermal stations at Mettur and Tuticorin respectively. We are looking forward to early clearance of these proposals.

11. Turning to the industrial sector, the year gone by has been one of consolidation. But, shortage of power and raw material has handicapped all our industrial units. In spite of this many of them have made progress. One important development during the year was the incorporation of Salem Steel Plant Limited as a separate company to undertake the construction of the Steel Plant at Salem. The Managing Director has also been appointed.

12. In regard to revival of sick mills, I am glad to inform you that the Tamil Nadu Textile Corporation has so far taken over thirteen mills, employing 9,962 persons. This includes six units which have been taken over recently. These will be commencing production shortly. I am glad to say that out of the seven units taken over earlier, five are working at a profit.

13. In spite of all that has been done on the agricultural and industrial fronts, the problems of unemployment and under employment and related poverty continue to cause concern. This is an All-India problem. Whatever is possible is being done by the State. We have initiated programmes costing nearly Rs. 10 crores, including the crash scheme for rural employment at a cost of Rs. 3 crores, the rural roads programme at a cost of Rs. 3

crores, the youth service corps scheme at a cost of Rs. 61 lakhs and the drought prone areas programme at a cost of Rs. 1·31 crores. Mention may also be made of the special apprenticeship programme for engineers and loan assistance scheme for craftsmen. These programmes are in addition to the substantial labour intensive schemes included in our normal plan and non-plan investment.

14. For the year 1972–73, the annual plan was fixed at about Rs. 115 crores. The schemes are being implemented and it is expected that the plan for 1972–73 will be fulfilled. During the discussions held between Chief Minister and the Planning Commission, the Plan for 1973–74 has been fixed at Rs. 120 crores. The total five-year outlay will now come to Rs. 534 crores as against Rs. 519 crores earlier approved by the Central Planning Commission.

15. In this context, considerable importance should be attached to the visit of the Sixth Finance Commission to to the State in January 1973. Our views regarding the allocation of resources have been placed before them. I would like to draw your attention to a few important points, urged by us. We have pleaded for restoring the primacy of the Finance Commission as a channel for routing resources to States. Our view is that all the needs of the States both plan and non-plan including the minimum need programmes approved by the National Development Council, should be gone into by the Finance Commission, in consultation with the Planning Commission. The Finnace Commission should recommend grants-in-aid and devolution of taxes taking into account the overall picture. So far as the plan grants are concerned, the Finance Commission should recommend the principles on which grants-in-aid should be given. The Planning Commission should work on the basis of these prnciples from year to year.

16. We have urged that the criteria for central assistance for Plan schemes should be reconsidered in the light of the adoption of a national minimum needs programme. The National Development Council has accepted a minimum needs programme to bring up all areas of the country to specified norms. This means that the plans of various States will include adequate provision for this programme. Once this is done, and the needs of back-

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ward tracts of various States have been taken care of through such a programme, there is no justification to adopt other criteria of backwardness such as per capita income either for extending central assistance or for devolving central taxes.

17. We have requested the Finance Commission to consider the need to give adequate debt relief to all States. Considerable outlays obtained as loan from the Centre have to be utilised for provision of infrastructural facilities and no tangible revenue can be expected from such expenditure. Such loan assistance should be treated as grants so that the debt burden on the States can be reduced.

18. Another important point we have raised concerns the need to remove disparity of emoluments between the Central Government employees and the employees of the State Government. The resources of the State are relatively inelastic. We have, therefore, pleaded with the Finance Commission to give a pay equalisation grant to all States to ensure parity between the State and Central emoluments. I do hope that these aspects will be duly taken into account by the Finance Commission. This becomes particularly urgent in view of the forthcoming report of the Central Pay Commission.

19. We are committed to the goals of removal of poverty and unemployment, and eilmination of social and economic backwardness. We have set up a State Planning Commission to draw up a perspective plan for the State for the ten years covering the Fifth and Sixth Plans. A draft Plan frame drawn up by the State Planning Commission has been placed before the Legislature and the public. Active work is going on in regard to the finalisation of the Fifth Five-Year Plan and the perspective plan covering the Fifth and Sixth Plan periods. In this context, I would like to refer to the emphasis laid by the Chief Minister in his speech before the National Development Council on the assurance of adequate supplies of raw materials and power as necessary inputs for implementation of the Plan. Equally important is the suggestion made by him to set up a National Taxation Enquiry Commission to look into the incidence of taxes and provide for incentives to save and invest. I attach particular importance to the idea that people should not look up to Government all the time for jobs. There should be middle class entrepreneurs ready to save and invest. It is with a view to restorin-

the incentives to them to save and invest that Chief Minister has made the suggestion that the income-tax structure be reorganised. This will also enable Government to reduce the evils of unaccounted money.

20. Before I conclude, I would like to refer to the vital question of prices and wages. Price policy has to be settled on the basis of national decisions in regard to monetary and fiscal matters. While we agree on the emphasis laid on food prices, we would like to urge that availability of industrial raw materials, money supply, wage policy and the structure of central taxes have equally important roles to play in determining prices. All these levers should be operated so as to ensure stability of prices. A comprehensive wage-price income policy should be evoled and implemented. In evolving this policy, care has to be taken to ensure that the problems of those who have no jobs are continually kept in mind. The large masses of our people below the poverty line should be kept always in the picture.

21. One of the important bills that are to be considered by this session relates to nationalisation of bus transport. As you are aware, Government of Tamil Nadu have taken a decision to nationalise all bus transport in the State on the basis of a phased programme. This represents yet another step forward in the progress of the State towards socialism. I hope the House will welcome this measure.

22. The path of evolution of democracy does not always run smooth and is strewn with obstacles and difficulties. We should all do our best to get over these difficulties and ensure smoother progress and orderly evolution. I am confident that the Tamil Nadu Legislature in conformity with its long and glorious traditions will continue to conform to the norms of democratic and parliamentary processes and provide demonstrative proof that parliamentary institutions are the best instruments of accelerating the pace of prosperity with justice.

23. We have yet to travel a long way. In these troubled days, if we can be the torchbearer of determined dedication to strengthening of forces of understanding, co-operation and sustained hard work in the service of teeming masses, posterity will bless us. May your efforts and wise counsels be the harbinger of an era of peace and prosperity.

Vanakkam.